

**Attendees**Co-Conveners:

Stephen Bernath

Workgroup Members:

John Arum, Cathy Baker, Tim Boyd, Clare Breidenich (via phone), Michelle Connor, Kyle Davis (via phone), Danielle Dixon, Miguel Perez-Gibson, Jay Gregory, Edie Sonne Hall, Adrian Miller, Phil Rigdon, Bill Robinson, George Schunk, Steve Stinson, Paula Swedeen, Bettina von Hagen.

Absent: John Miller, Craig Partridge

Guests:

Heather Ballash, CTED

Staff support:

Jerry Boese and Andy Chinn, Ross & Associates Environmental Consulting

Background Documents for this meeting are available online at

[http://www.ecy.wa.gov/climatechange/2008FA\\_for.htm](http://www.ecy.wa.gov/climatechange/2008FA_for.htm)

**General Workgroup Business and Updates**

- Nina Carter provided an [update](#) on the work of the afforestation subgroup, beginning with a definition of afforestation. The afforestation proposal primarily applies to cities and urban areas, but could also apply to other areas such as native prairie. The subgroup will continue to develop its recommendations, including opportunities for afforestation outside of urban areas.
- Jerry Boese provided a brief update on the Western Climate Initiative's recently released draft design recommendations.<sup>1</sup> Key points for this group were as follows (1) forestry projects were among those identified as "priority for investigation and development to participate in the offset system," and (2) the draft stated the WCI partners are considering a limit on the use of offsets of not greater than 10 percent of an individual entity's compliance obligation.
- Legislative meetings: Stephen Bernath provided a brief update about the House Ecology Committee hearing on July 21. Adrian Miller and Miguel Perez-Gibson reported on the August 4 Democratic caucus session, and said the discussion reinforced the need for the workgroup to provide clear, solid recommendations.
- Jerry pointed out that the first white paper on offset quality from the Offset Quality Initiative has been released (press release distributed with meeting materials).
- Jerry observed that there has been some talk (from CAT members and others) about the desire for the Workgroup's report to reflect competing options and ideas that had been discussed during the process. Jerry reminded the group that it is not a CAT group, per se, but springs independently from E2SHB 2815, and reports to the directors of Ecology and DNR, and subsequently to Ecology and CTED. Further, the [Charter](#) of the Workgroup says "to the greatest extent feasible, the sponsors desire that the recommendations...be consensus recommendations..." Jerry observed that Ecology's director has been clear he expects the Workgroup to work hard to produce consensus recommendations. Therefore the Workgroup should not recommend competing proposals. The

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<sup>1</sup> <http://www.westernclimateinitiative.org/ewebeditpro/items/O104F18808.PDF>

workgroup should put forward proposals with consensus to whatever extent possible, then list the areas in which consensus diverges, as prescribed in the Charter. Miguel Perez-Gibson commented on the need to avoid “false consensus.”

- Bettina von Hagen provided an update on the work of the Oregon stakeholder group.

### Discussion of Forest Management and Harvested Wood Products

Workgroup members discussed the [two options](#) put forward by the forest management subgroup, the offset program and the voluntary opt-in to the cap, as well as a draft [write-up](#) of a recommended approach to the baseline for offset projects. Workgroup members provided the following comments:

- A workgroup member emphasized that a set-aside of allowances (for the Voluntary opt-in option) will be vigorously resisted by regulated entities. Because allowances will already be scarce, any set-aside of allowances for forest management practices will further reduce the number of available allowances, driving up the price. This is in addition to the notion that the cap for regulated entities will continue to decline over time. Regulated entities would prefer to maintain the integrity of the cap and have the option of purchasing offsets to control compliance costs.
- The offset approach will work for some landowners, but offers little for small landowners. For the entire range of landowner types to participate, something akin to the voluntary opt-in option will be necessary.
- Rather than using auction revenue, which will be politically difficult, carbon offsets could be discounted in recognition that offset revenue may not initially affect behavior. From the regulated entity’s point of view, allowances would not be removed, but the entity would be required to buy additional units to account for the discount.
- The details of penalties, if any, for dropping out, or failing to stay above the baseline, remain to be worked out. WCI has proposed a 3:1 penalty for non-compliance.
- The business-as-usual approach to baseline will require a strong verification component from an independent third party (i.e., the state or state standards) to prevent entities from taking advantage of the system.
- Baselines would be stratified by ecoregions, site class, and possibly other categories. The need to make an investment in augmenting FIA data was noted, to provide adequate data to determine a credible baseline and to minimize opportunities for gaming the baseline definition system.
- It would be fruitless to spend time creating a voluntary system in which no landowners will participate. The program has to be more robust than the existing Chicago Climate Exchange (CCX). Landowners are interested in having different options that will work for various types of landowners.
- Other landowners that should be considered in a carbon management system include public agencies such as DNR, utilities, and tribes.

### Informational Presentation: CTED Policy Advisory Committee on Transfer of Development Rights (TDRs)

Workgroup members received an informational presentation from Heather Ballash of CTED on her agency’s [Policy Advisory Committee](#) on Transfer of Development Rights. Further information about the committee is available at <http://www.cted.wa.gov/site/1060/default.aspx>.

### Discussion of Avoided Conversion Proposals

### Ecosystem Service Districts

Workgroup members briefly discussed the proposal on ecosystem service districts. The document has not changed since the [7/7 version](#) discussed at the 7/9 Workgroup meeting. The Workgroup decided it would not try to send this proposal to another climate workgroup for consideration.

### Green Building/Embodied greenhouse gas

Workgroup members discussed the [proposal on green building/embodied GHGs](#). Workgroup members provided the following comments:

- Representatives of the environmental caucus clarified that they are not advocating the abandonment of LEED as the primary building standard; rather they are advocating that LEED include life cycle analysis in its criteria. The environmental caucus also requested that the ATHENA calculation tool be described as one example of an embodied GHG calculation tool.
- One of the purposes of the green building proposal is to maintain working forestlands by supporting the viability of markets for wood products. In the UK there is a growing trend toward recommendation of wood products as beneficial from a climate standpoint.
- The green building recommendation should be directed toward the State Building Code Council; if the SBCC does not act, the recommendation should direct the legislature to take action on it.
- The appropriate state agency for promoting the green building recommendation to the SBCC or the US Green Building Council is unclear at this time and will require further research.
- Workgroup members discussed the advantages of a state procurement requirement to accompany the green building recommendation. The Forest Sector co-leads will coordinate with the Beyond Waste Implementation Working Group (IWG), which is developing a similar policy proposal as part of its recommendations.
- See action items below under Next Steps.

### Smart Growth

Workgroup members had the following comments on the [“Avoided Conversion through Smart Growth” proposal](#):

- Allowing certain types of development schemes to be available for carbon crediting might encourage undesirable growth outside the urban growth area (UGA).
- The environmental caucus agreed to further discuss whether or not conservation villages and/or on-site development clusters should be eligible for offsets, and report back to the full workgroup at the next meeting.
- The proposal should include recognition of the need to direct some funding to local jurisdictions to administer the TDR program and provide infrastructure for development. The revenue from the TDR itself should go to the landowner who is making the decision to maintain land as forest.
- With respect to permanence, small landowners do not like perpetual easements, but 100 years is an acceptable term for forest landowners to agree to maintain their land. Generally a TDR—an option less likely to be useful for small landowners—must be permanent. Permanence of *offsets* is a separate issue. The Oregon stakeholder group has had discussions on permanence, including potential paths to resolution such as using an aggregator/insurance structure to make a link between landowners/sellers who don’t want to make a permanent commitment and emitters/buyers who require a permanent commitment. Workgroup members also briefly discussed the possibility of having an opt-out provision as part of an otherwise-permanent commitment.

### Next Steps

- **Forest Management/Harvested Wood Products:** The subgroup will meet Tuesday August 19 to discuss further definition of the voluntary opt-in approach, measurement and verification, and follow up on baseline (from full Workgroup meeting).
- **Avoided Conversion through Smart growth:** The conservation caucus will meet to clarify their position before August 25. Ross & Associates will send out a scheduling email for an Avoided Conversion subgroup meeting during the week of August 25. John Arum and Edie Sonne Hall will develop language to address the landowner's concern about "regulation that devalues property as a means of achieving emissions reductions." Ross & Associates will coordinate with the Land Use & Climate Change (aka GMA) workgroup, and CTED's coordinator for the TDR Policy Advisory Committee, to make sure appropriate cross-cutting information is shared.
- **Avoided Conversion—Ecosystem services districts:** Craig Partridge will draft context language for this document. Adrian will draft placeholder language suggesting the need for future attention to address the potential issues related to legal liabilities.
- **Avoided Conversion—Embodied energy/green buildings:** Stephen Bernath will draft language (1) to clarify the entity(ies) to which the recommendations would be targeted, and (2) to draft new language about a state environmentally preferred purchasing/green building materials policy; and work with Bill Robinson to agree on language to bring to the September 5 meeting for approval of the full Workgroup. Other amendments to the text discussed at the meeting will be incorporated by the co-conveners and Ross & Associates for approval at the September 5 meeting.
- **Afforestation/reforestation Subgroup:** Workgroup members with comments about the 8/12/08 handout on Afforestation should send them to Nina Carter, with a cc to Jerry Boese, by Tuesday August 19.
- **Webinar with Mark Harmon, OSU:** R&A will send out information about the webinar with Professor Harmon as soon as the date is confirmed. The tentative date is Wednesday, August 20, 10-11:30 am.
- **Conference call on federal climate legislation:** This call will be scheduled for September 9 or soon thereafter in coordination with the Nature Conservancy expert.

## Public Comment

Members of the public were given an opportunity to comment either in person or via phone. There were no comments from the public.

The meeting adjourned at 4:00 pm.